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for part-time terms of service are equal to one-half of the corresponding full-time education and Stafford loan forgiveness awards described in paragraphs (a) and (b) of this section.

(d) *Incomplete or reduced terms of service.* (1) The education or Stafford loan forgiveness awards for individuals who are released from a term of service for compelling personal circumstances and are eligible for a pro-rated full- or part-time education or Stafford loan forgiveness award in accordance with the requirements in § 2528.40 of this chapter, or for VISTA volunteers who are released due to the early of a project, are equal to the product of—

(i) The ratio of the portion of the term of service completed to the required term of service; and

(ii) The amount of the full- or part-time education award available for that term of service as determined pursuant to paragraph (a), (b) or (c) of this section.

(2) The education award for individuals serving in a reduced part-time term of service described in § 2522.220 of this chapter is equal to the product of—

(i) The ratio of the number of hours of service required for the reduced part-time term of service to 900; and

(ii) The amount of the part-time education or Stafford loan forgiveness award as determined pursuant to paragraph (c) of this section.

(e) *Authority to aggregate awards.* An individual who serves two terms of service in a Stafford loan forgiveness program(s) may elect (prior to the end of the first such term of service) to aggregate the two Stafford loan forgiveness awards that the individual receives such that the individual receives a single Stafford loan forgiveness award at the end of the second term of service that is equal to the sum of the awards for each of the terms. An individual who wishes to aggregate his or her Stafford loan forgiveness awards must comply with the procedural requirements of § 2528.60 of this chapter.

[59 FR 30712, June 15, 1994]

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PART 2528—USES OF AND PROCEDURES FOR USING EDUCATIONAL BENEFITS

Sec.

2528.10 For what purposes may education awards be used?

2528.20 What are the procedural requirements for using education awards to repay qualified student loans?

2528.30 What are the procedural requirements for using education awards to pay for all or part of the cost of attendance at an institution of higher education or to pay for expenses incurred in participating in an approved school-to-work program?

2528.40 Is there a limit on the amount of an individual's education award that the Corporation will disburse to an institution of higher education for a given period of enrollment?

2528.50 What happens if an individual withdraws or fails to complete the period of enrollment in an institution of higher education or school-to-work program for which the Corporation has disbursed all or part of that individual's education award?

2528.60 What are the procedural requirements for using a Stafford loan forgiveness award to repay Stafford loans?

AUTHORITY: 42 U.S.C. 12601–12604.

SOURCE: 59 FR 30713, June 15, 1994, unless otherwise noted.

§ 2528.10 For what purposes may education awards be used?

(a) Education awards may be used—

(1) To repay qualified student loans or portions thereof in accordance with § 2528.20:

(2) To pay all or part of the cost of attendance at an institution of higher education in accordance with §§ 2528.30 through 2528.50; and

(3) To pay expenses incurred in participating in approved school-to-work programs in accordance with § 2528.60.

(b) Education awards are divisible and may be applied to any combination of those loans, costs and expenses described in paragraph (a) of this section.

§ 2528.20 What are the procedural requirements for using education awards to repay qualified student loans?

(a) In order to use an education award to repay qualified student loans,

the recipient of the award must submit an application to the Corporation, in a manner prescribed by the corporation that:

(1) Identifies, or permits the Corporation to identify, the holder or holders of the loans;

(2) Indicates, or permits the Corporation to determine, the amounts of principal and interest outstanding on the loans;

(3) Specifies, if the outstanding balance of the principal on the loans is greater than the amount to be disbursed by the Corporation, which of the loans the individual prefers to have paid; and

(4) Contains whatever other information the Corporation may require.

(b) Upon receipt of an application under paragraph (a) of this section, the Corporation will notify each holder of a loan that has been designated for payment in the individual's application and will identify any information or documentation that the holder must provide to the corporation before the Corporation will make payment.

(c) When the Corporation receives all required information from the holder of the loan, the Corporation will pay the holder of the loan in accordance with the instructions in the application of the education award recipient and will notify the recipient of the payment.

(d) The Corporation may establish procedures to aggregate payments to holders of loans for more than a single individual.

§2528.30 What are the procedural requirements for using education awards to pay for all or part of the cost of attendance at an institution of higher education or to pay for expenses incurred in participating in an approved school-to-work program?

(a) In order to use an education award to pay for the cost of full-time or part-time attendance at an institution of higher education or to pay for expenses incurred in participating in an approved school-to-work program, the recipient of an award must submit an application to the institution of higher education or school-to-work program in which the individual is or will be enrolled, on a form prescribed

by the Corporation, that contains such information as the Corporation may require to verify that the individual is a recipient of and eligible to use an education award.

(b) An institution of higher education or approved school-to-work program that receives one or more applications submitted in accordance with the requirements of paragraph (a) of this section shall submit to the Corporation, in a manner prescribed by the Corporation, a statement that—

(1) Identifies each eligible individual filing an application;

(2) Specifies the amounts for which such eligible individuals are qualified;

(3)(i) For institutions of higher education, certifies that—

(A) The institution of higher education has in effect a program participation agreement under section 487 of the Higher Education Act of 1965;

(B) The institution's eligibility to participate in any of the programs under title IV of such Act has not been limited, suspended, or terminated; and

(C) Individuals using education awards to pay for the cost of attendance at that institution do not comprise more than 15 percent of the total student population of the institution;

(ii) For school-to-work programs, certifies that the program has been approved by the Departments of Education and Labor;

(4) Indicates the costs of attendance or participation for any period(s) of enrollment for which the individual(s) are applying the education award(s); and

(5) Contains such provisions concerning financial compliance as the Corporation may require in the application.

(c) When the Corporation receives a statement from an institution of higher education or a school-to-work program in accordance with the requirements of paragraph (b) of this section, the Corporation will pay a first installment for the first period of enrollment, which shall be not more than half of the total monetary value of the education awards that the individuals identified on the institution's statement are scheduled to receive. The Corporation will pay installments for each subsequent period of enrollment

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upon receipt of statements updating the information required under paragraph (b) of this section for the relevant period of enrollment.

§ 2528.40 Is there a limit on the amount of an individual's education award that the Corporation will disburse to an institution of higher education for a given period of enrollment?

Yes. The Corporation's disbursement from an individual's education award for any period of enrollment may not exceed the difference between—

(a) The individual's cost of attendance for that period of enrollment, determined in accordance with section 472 of the Higher Education Act of 1965; and

(b) The sum of—

(1) The student's estimated financial assistance for that period under part A of title IV of such Act; and

(2) The student's veterans' education benefits, determined in accordance with section 480(c) of such Act.

§ 2528.50 What happens if an individual withdraws or fails to complete the period of enrollment in an institution of higher education or school-to-work program for which the Corporation has disbursed all or part of that individual's education award?

(a) (1) An institution of higher education or school-to-work program that receives a disbursement of education award funds from the Corporation must have in effect a fair and equitable refund policy that includes procedures for providing a refund to the Corporation if an individual for whom the Corporation has disbursed education award funds withdraws or otherwise fails to complete the period of enrollment at that institution or program for which the assistance was provided.

(2) (i) For purposes of this section, an institution of higher education's refund policy is deemed "fair and equitable" if it is consistent with the requirements of paragraphs (b) and (c) of section 484B of the Higher Education Act of 1965, as amended.

(ii) For the purposes of this section, a school-to-work program's refund policy is deemed "fair and equitable" if it complies with any standards that may

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be developed by the Departments of Education and Labor.

(b) The Corporation credits to the individual's education award allocation in the National Service Trust the amount of any refund received for that individual under paragraph (a) of this section.

§ 2528.60 What are the procedural requirements for using a Stafford loan forgiveness award to repay Stafford loans?

(a) In order to apply a Stafford loan forgiveness award to the repayment of a Stafford loan(s), a participant in an AmeriCorps Stafford Loan Forgiveness program must submit an application to the Corporation that—

(1) Identifies the holder or holders of the participant's Stafford loans as described in § 2527.10(b) of this chapter;

(2) Indicates the amounts of outstanding principal and the rates of interest on those loans;

(3) Indicates, where appropriate, to which of the loans the individual would prefer to apply the Stafford loan forgiveness award;

(4) If the participant serves two terms of service in a Stafford Loan Forgiveness program, indicates whether the participant wishes to aggregate the Stafford loan forgiveness awards pursuant to § 2527.10(e) of this chapter; and

(5) Contains whatever other information the Corporation may require.

(b) When a participant receives a Stafford loan forgiveness award, the Corporation will notify each holder of a Stafford loan identified in the participant's application of the portion of the loan that the Corporation will repay and will identify any information or documentation that the holder must provide to the Corporation.

(c) When the Corporation receives all required information from the holder of the loan(s) pursuant to paragraph (b) of this section, the Corporation will pay the holder(s) an amount determined according to § 2527.10 of this chapter and will notify the participant of the payment.

(d) The Corporation may establish procedures to aggregate payments to holders of Stafford loans for more than one individual.

PART 2529—FORBEARANCE AND INTEREST PAYMENT PROCEDURES

Sec.

2529.10 What are the procedural requirements for obtaining forbearance in the repayment of a qualified student loan during an individual's term of service in an approved AmeriCorps position?

2529.20 What are the procedural requirements for using National Service Trust funds to pay interest that accrues on a qualified student loan for which an individual has obtained forbearance?

2529.30 What additional student loan forbearance benefits are available for VISTA volunteers?

AUTHORITY: 42 U.S.C. 12601-12604.

SOURCE: 59 FR 30714, June 15, 1994, unless otherwise noted.

§ 2529.10 What are the procedural requirements for obtaining forbearance in the repayment of a qualified student loan during an individual's term of service in an approved AmeriCorps position?

(a) In order to obtain forbearance in the repayment of a qualified student loan during a term of service in an approved AmeriCorps position, an individual, other than a VISTA volunteer, must submit a written request to the holder of the loan.

(b) Upon receipt of a request under paragraph (a) of this section, the holder of a qualified student loan must contact the Corporation to verify that the individual is serving in an approved AmeriCorps position and to determine the period for which the holder must grant forbearance.

(c) The holder shall grant forbearance in the repayment of a qualified student loan for the period of an individual's required term of service after obtaining the verification required under paragraph (b) of this section.

(d) The holder shall promptly report to the Corporation each individual and loan for which it grants forbearance, the period for which it has granted forbearance, and the projected amount of interest that will accrue on the loan during the period of forbearance.

(e) If an individual who has obtained forbearance on a qualified student loan(s) does not complete his or her term of service, or if that individual's term of service is suspended, the Cor-

poration will promptly notify the holder(s) of that loan(s).

(f) The holder is not required to grant forbearance in the repayment of qualified student loans for any period during which an individual's service in an approved AmeriCorps position has been suspended.

§ 2529.20 What are the procedural requirements for using National Service Trust funds to pay interest that accrues on a qualified student loan for which an individual has obtained forbearance?

The Corporation will make payments from the National Service Trust for interest that accrues on qualified student loans for which an individual, other than a VISTA volunteer, has obtained forbearance under § 2529.10 in accordance with the following requirements:

(a) *Completed terms of service.* (1) If an individual successfully completes a term of service, the Corporation will notify the holder of the individual's loan of the date of completion; the holder shall document the accrued interest expense to the Corporation; and the Corporation will pay all or a portion of the accrued interest and notify the individual and the holder of the loan of the payment.

(2) The percentage of the accrued interest that the Corporation will pay pursuant to paragraph (a)(1) of this section is equal to the lesser of—

(i) The product of—

(A) The required number of hours for the term of service divided by the total number of days for which forbearance was granted; and

(B) 365 divided by 17; and

(ii) 100.

(b) *Incomplete terms of service.* (1) If an individual does not successfully complete a term of service, but is eligible for a pro-rated educational benefits under § 2527.10(c) of this chapter or pro-rated Stafford Loan Forgiveness under § 2522.650(c) of this chapter, the Corporation will notify the holder of the loan if the date of the individual's release, the holder of the loan shall document to the Corporation the amount of accrued interest as of the date of the release, and the Corporation will pay all or a portion of such interest and notify the individual and the holder of the loan of the payment.